

Introduced by Senator CampbellFebruary 22, 2005

An act relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1060, as introduced, Campbell. Local government finance: exchanging local sales and use tax allocations and ad valorem property tax allocations.

The California Constitution prohibits the Legislature from restricting the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley–Burns Uniform Local Sales and Use Tax Law, except in specified circumstances. One exception to this prohibition allows the Legislature to authorize 2 or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley–Burns Uniform Local Sales and Use Tax Law.

This bill would state the intent of the Legislature to enact the necessary statutory changes to authorize local agencies within a county to contract to exchange allocations of local sales and use tax revenues for allocations of ad valorem property tax revenues.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The people of the State of California find and
- 2 declare all of the following:

1 (a) People have the most power to control government at the
2 local level.

3 (b) Local government is far more efficient and responsible
4 than state government in the use of tax revenues.

5 (c) Police protection, fire protection, local community
6 services, and schools must have an adequate, reliable, and
7 guaranteed source of funding.

8 (d) Historically, property tax revenues were used to pay for
9 local community services. These tax revenues have been largely
10 taken by the state government, leaving local governments with a
11 very small share of property tax revenue.

12 (e) Allowing local communities to keep more property tax
13 revenues will safeguard funds for police and fire protection and
14 other vital services.

15 (f) Allowing local government to make property tax revenues
16 the principal source of revenue will require new residents in a
17 community to pay their fair share of police, fire, parks, health
18 care, and other municipal services by contributing their property
19 taxes to the city and county where they live.

20 (g) The people of California have recently enacted historic
21 constitutional protections for local government revenues. These
22 reforms will put an end to raids on local funds by the state and
23 give local governments better control over their own finances,
24 including permitting local agencies to exchange allocations of
25 local sales and use tax revenues for allocations of ad valorem
26 property tax revenues.

27 (h) It is the intent of the Legislature to enact the necessary
28 statutory changes to implement subparagraph (C) of paragraph
29 (2) of subdivision (a) of Section 25.5 of Article XIII of the
30 California Constitution, to authorize local agencies within a
31 county to contract to exchange allocations of local sales and use
32 tax revenues for allocations of ad valorem property tax revenues.